



State of Delaware
Office of the Lieutenant Governor

Matthew Denn
Lieutenant Governor

April 30, 2010

Jack A. Markell, Governor
State of Delaware
Tatnall Building
150 William Penn Street
Dover, DE 19901

Dear Governor Markell:

In January, 2010 and October, 2009, I issued lengthy reports to you on implementation of the American Recovery and Reinvestment Act in Delaware. Because much of the information I provided to you in my January, 2010 report is still accurate and current, I am providing this abbreviated update to ensure that you are aware of changes and progress in the stimulus program.

Grant Applications and Awards

Obviously, the most significant application and award to occur since my last report was Delaware's receipt of one of only two national Race to the Top awards for public education. This \$100 million award was one of the most competitive in the entire ARRA program.

Pace of Expenditures

Expenditures of ARRA funds for most agencies continue at roughly the expected pace. I have made inquiries with a small number of cabinet agencies who appear to have significant ARRA sums that have not yet been spent, and those agencies have either provided acceptable explanations for the pace of their expenditures or developed plans to accelerate the pace of expenditures. Your cabinet secretaries and I hold individual quarterly meetings to discuss the status of their ARRA funded programs, and we will hold another series of meetings early next month.

Jobs

The total number of jobs attributed directly to state ARRA funds decreased by approximately 172 jobs from the final quarter of last year to the first quarter of this year. As I noted in my last quarterly report, the federal government changed the required methodology for counting ARRA-funded jobs last quarter, in a way that made these job statistics more volatile.

Two of the job reduction numbers were in job areas that are weather-sensitive—weatherization and highway work. The other most significant reductions were in jobs attributable to education stabilization funds, which appears to reflect changes in the way that local school districts (the recipients of these funds) calculate their expenditures—they do not reflect actual losses of jobs. Significant job increases were seen in two other public education categories (Title 1 and special education).

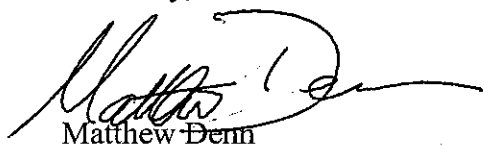
As I have noted in prior reports, these job statistics do not include jobs attributable to purely federally operated projects, such as the Amtrak and Delaware Air Force Base projects, indirect recipients such as local governments and universities, or jobs created through tax credits or other economic incentives that flow directly to the private sector.

Quality Control

In addition to monitoring the expenditure of ARRA funds, it is also important for us to take reasonable steps to ensure that the quality of work performed with those funds is of a uniformly acceptable level. Although we have not received reports of any systemic problems with the quality of work on any ARRA-funded projects, we should take affirmative steps to ensure that the public has a clear method of reporting any such issues so they can be addressed promptly. Therefore, we are setting up a Stimulus Problem Hotline this Monday so that members of the public can report directly to my office any problems that they perceive in the way those funds are being handled. Your cabinet agencies have been asked to post this number at sites (such as highway construction sites, Housing Authority projects, and energy conservation projects) where ARRA funds are being used, and to provide the number to individuals whose homes are being weatherized with ARRA funds. I will bring complaints from the hotline to the attention of the relevant cabinet secretaries and try to ensure that those cabinet secretaries address them appropriately.

We continue to review purchase orders from state agencies for the use of ARRA funds, which we believe is the best available process for detecting potentially problematic uses of those funds. And, as noted in prior reports, we continue to rely upon the State Auditor to monitor the handling of ARRA funds by local school districts and charter schools—an area of significant concern for us given the amount of funds being transferred directly to local educational units, our lack of direct financial oversight over those entities, and the difficulty that some local entities have had in complying with certain federal ARRA reporting deadlines.

Sincerely,

A handwritten signature in dark ink, appearing to read "Matthew Denn", with a stylized flourish extending to the right.

Matthew Denn
Lieutenant Governor